

MCF 3M Opener

Determine both the present value and the interest earned on an investment that will be worth \$5000 in 3 years. the interest rate is 4% compounded monthly.

Dec 19-7:35 AM

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Determine both the present value and the interest earned on an investment that will be worth \$5000 in 3 years. the interest rate is 4% compounded monthly.

$$A = 5000$$

$$n = 3 \times 12 = 36$$

$$i = 4\% \quad 0.04 \div 12 = 0.0033$$

$$P = ?$$

$$P = \frac{5000}{(1 + 0.0033)^{36}}$$

$$P = 4436.16$$

The original principal would need to be \$4436.16 to have an annuity of 5000.

$$5000 - 4436.16 = 563.84$$

Jan 11-3:35 PM

Dollar Cost Averaging

$$\boxed{60000} - 24000 \text{ income tax}$$

$$36000 - \text{net income}$$

Taxed at 40%

RRSPs - How they work

$$60000 - 9000 = 51000$$

$$9000 \times 0.40 = 3600$$

$$\text{Net Return}$$

May 13-9:36 AM

Josh invests \$100 every month for 2 years. If his investment earns 3%/a compounded monthly, how much will he have saved after two years. How much of the principal will be interest?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A = \frac{100[(1+0.0025)^{24} - 1]}{0.0025}$$

$$= \frac{100[1.061757044 - 1]}{0.0025}$$

$$= \frac{100[0.061757044]}{0.0025}$$

$$= \frac{6.1757044}{0.0025}$$

$$= 2470.28$$

$$I = A - R(n)$$

$$I = 2470.28 - 100(24)$$

$$I = 70.28$$

$A = \text{Future Value Annuity}$
 $R = \$100$
 $i = 3\%$
 $0.03/12 = 0.0025$
 $n = 2 \times 12 = 24$

Jun 3-1:52 PM

Jenn decides to save \$85 per month for the next year. If her investment earns 4% compounded monthly, how much will she save by the end of the year?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A = \frac{85[(1+0.0033)^{12} - 1]}{0.0033}$$

$$A = \frac{85[(1.0033)^{12} - 1]}{0.0033}$$

$$A = \frac{85[1.0365999 - 1]}{0.0033}$$

$$A = \frac{85(0.0365999)}{0.0033}$$

$$A = 1037.00$$

$R = 85$
 $i = \frac{0.04}{12} = 0.0033$
 $n = 12$

May 13-10:13 AM

Cody is a financial wizard from birth. He decides to set aside \$50 of his child tax credit each month until he is 18. How much will his college fund earn at 6.8%/a compounded monthly?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A = \frac{50[(1+0.0056667)^{216} - 1]}{0.0056667}$$

$$A = \frac{50(3.38903441 - 1)}{0.0056667}$$

$$A = \frac{50(2.38903441)}{0.0056667}$$

$$A = 21079.71$$

$A = ?$
 $R = \$50$
 $i = 0.068/12 = 0.0056667$
 $n = 12 \times 18 = 216$

He will have \$21,079.71 for his college fund when he is 18.

May 13-10:26 AM

Please Complete p 498-500
q. 2, 3,6,8,11

Jan 11-3:38 PM